

Message Text

LIMITED OFFICIAL USE

PAGE 01 HELSIN 02952 142228Z
ACTION AGRE-00

INFO OCT-01 EUR-12 IO-13 ISO-00 CEA-01 CIAE-00 COME-00
DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 /126 W

-----031106 152042Z /64

R 140909Z SEP 78
FM AMEMBASSY HELSINKI
TO SECSTATE WASHDC 3183
INFO USMISSION GENEVA
AMEMBASSY STOCKHOLM

LIMITED OFFICIAL USE HELSINKI 2952

PASS AGRICULTURE
GENEVA FOR MISSION AND MTN DEL
STOCKHOLM FOR AGATT

EO 11652: N/A
TAGS: ETRD, FI, MTN
SUBJECT: REVISION OF NEW FINNISH EXCISE TAX ON ADDED SUGAR

REF: STATE 219517

1. SUMMARY: MFA INFORMS US THAT THE NEW EXCISE TAX ON
ADDED SUGAR IN PROCESSED FOOD PRODUCTS WILL BE REVISED SO
THAT IT WILL NO LONGER APPLY TO CANNED FRUITS WITH A
SUGAR-ADDED CONTENT OF LESS THAN 25 PERCENT. THUS, MFA
OFFICIALS CONTEND, IMPORTS OF SUCH PRODUCTS FROM THE
UNITED STATES WILL NOT BE AFFECTED. OFFICIALS ALSO ASKED
FOR INFORMATION ON THE USG'S APPLICATION OF EXCISE TAXA-
TION TO ADDED SUGAR IN PROCESSED FOODS, AS WELL AS ON HOW
USG WILL PROCEED WITH ITS ANNOUNCED INTENTION TO CONVERT
CERTAIN SPECIFIC TARIFF RATES TO AD VALOREM RATES.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 HELSIN 02952 142228Z

END SUMMARY

2. MFA OFFICIALS (KARKKAINEN AND PULLINEN) INFORMED
EMBASSY ECONOMIC COUNSELOR ON SEPT 13 THAT THE EXCISE
TAX ON ADDED SUGAR APPLICABLE BEGINNING AUG 1 TO
PRODUCTS FALLING UNDER CUSTOMS TARIFF NO. 20.06, WHICH
COVERS PRACTICALLY ALL CANNED FRUITS, IS BEING REVISED

IN A WAY THAT WILL SATISFY U.S. INTERESTS. THE FINNS ALSO INTEND TO INFORM THE U.S. MTN DEL (BALE) THIS WEEK. THE TAX WILL NO LONGER APPLY TO IMPORTS WITH AN ADDED SUGAR CONTENT OF LESS THAN 25 PERCENT. ACCORDING TO THE FINNS, THEIR ANALYSIS SHOWS THAT FRUIT CANNED IN "LIGHT SYRUP" PRODUCED IN THE U.S. HAVE AN ADDED SUGAR CONTENT OF 14 TO 18 PERCENT AND "HEAVY SYRUP" PRODUCTS 18 TO 22 PERCENT; THUS NO PRODUCTS FROM THE U.S. WOULD BE SUBJECT TO THE REVISED TAX. (KARKKAINEN MAINTAINED THAT U.S. PRODUCTS MIGHT EVEN BENEFIT BECAUSE OF THE APPLICABILITY OF THE TAX TO SOME COMPETING IMPORTS, SOME OF WHICH CONSIST OF UP TO 60 PERCENT SUGAR. HOWEVER, AS WAS POINTED OUT TO HIM, SUCH PRODUCTS, LARGELY FROM EASTERN EUROPE, ARE HARDLY COMPARABLE IN QUALITY TO IMPORTS FROM THE U.S.)

3. THE REVISION WILL BE INCORPORATED IN RENEWAL OF THE EXCISE TAX ACT, WHICH WILL BE APPROVED BY PARLIAMENT IN ASSOCIATION WITH THE PASSAGE OF THE 1979 BUDGET. THIS WILL PROBABLY TAKE PLACE IN LATE DECEMBER OR EARLY NEXT YEAR. MEANWHILE IMPORTERS MAY APPLY FOR AND RECEIVE A REFUND OF THE TAX. PULLINEN SAID IT WAS AN "ACCIDENT" THAT THE TAX HAD BEEN APPLIED TO PRODUCTS WITH LOW SUGAR CONTENT.

4. KARKKANEN AND PULLINEN TOOK THE OPPORTUNITY TO LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 HELSIN 02952 142228Z

REQUEST INFORMATION ON TWO MATTERS:

A. FINNS UNDERSTAND THAT THE U.S. TAXATION OF SUGAR IMPORTS COVERS SUGAR ADDED TO PROCESSED FOODS. THEY WOULD LIKE INFORMATION ON THE EXTENT OF COVERAGE AND ON METHODS OF CALCULATING SUGAR CONTENT, FOR USE IN DEVELOPING TAXATION PROCEDURES ON IMPORTS WITH HIGH ADDED SUGAR CONTENT.

B. THEY WOULD LIKE INFORMATION ON THE PROCESSES INVOLVED IN IMPLEMENTING THE USG'S STATED INTENTION TO CONVERT SPECIFIC TO AD VALOREM TARIFFS IN THE CONTEXT OF MTN. THEY WOULD LIKE TO KNOW WHAT STATISTICAL INFORMATION RELATED TO THE CONVERSION THEY WILL RECEIVE AND WHEN THEY MAY EXPECT IT. THEY RECALLED THAT IN UNDERTAKING A SIMILAR CONVERSION PROCESS THEY PROVIDED INFORMATION ON IMPORTS OVER A THREE-YEAR PERIOD. THEY HINTED AT CONCERN THAT EFFECTS OF OUR CONVERSION COULD BE OBFUSCATED IN THE MTN.

5. ACTION REQUESTED: PLEASE PROVIDE INFORMATION IN RESPONSE TO THE FINNISH INQUIRIES SET OUT IN THE

PRECEDING PARAGRAPH.

FRY

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUGAR, EXCISE TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 14 sep 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978HELSIN02952
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780376-1016
Format: TEL
From: HELSINKI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780968/aaaacdsq.tel
Line Count: 118
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7a69b350-c288-dd11-92da-001cc4696bcc
Office: ACTION AGRE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 219517
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1437149
Secure: OPEN
Status: NATIVE
Subject: REVISION OF NEW FINNISH EXCISE TAX ON ADDED SUGAR
TAGS: ETRD, FI, MTN
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/7a69b350-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014